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MARIN COUNTY CLERK
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4 Attorney for Defendant
GERALD ARMSTRONG
5
6
7

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF MARIN

10 CHURCH OF SCIENTOLOGY INTERNATIONAL,)
a California not-for-profit)
11 religious corporation,)

No. 157 680

12 Plaintiff,)

VERIFIED ANSWER OF THE
GERALD ARMSTRONG
CORPORATION

13 vs.)

14 GERALD ARMSTRONG; MICHAEL WALTON;)
THE GERALD ARMSTRONG CORPORATION,)
15 a California for-profit)
corporation; DOES 1 through 100,)
16 inclusive,)

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17 Defendants.)
18

19 The Gerald Armstrong Corporation, hereinafter "TGAC," hereby
20 submits the following answer to the complaint of plaintiff
21 organization CHURCH OF SCIENTOLOGY INTERNATIONAL, hereinafter
22 "CSI."

23 1. TGAC lacks knowledge or information sufficient to form a
24 belief as to the truth of the averments in this paragraph which
25 concern events which took place before 1987, and is therefore
26 unable to admit or deny the same. TGAC was incorporated in 1987
27 and activated in 1988. The subject settlement agreement,
28 hereinafter the "agreement" or "contract", was signed in December,

COPY

1 1986. With regards to all allegations concerning Gerald
2 Armstrong, hereinafter "GA," which predate TGAC's incorporation,
3 GA will answer himself, and TGAC incorporates his answer by
4 reference herein. TGAC denies that CSI is a church, but is a unit
5 of the Scientology Organization based on a philosophy it calls
6 "fair game," and as such, is a sham. TGAC denies CSI's
7 description of GA. TGAC denies that GA has ever fomented
8 litigation against CSI. TGAC denies that CSI has ever sought to
9 put an end to any enmity or strife generated by anyone, but is a
10 generator of enmity and strife itself.

11 2. TGAC denies the totality of this paragraph. None of
12 GA's actions in February, 1990 violated directly or indirectly any
13 valid provision of any agreement. TGAC denies that GA feared that
14 plaintiff would seek to collect liquidated damages owed by his
15 breaches. TGAC denies that there were any breaches. TGAC denies
16 that GA fraudulently conveyed any or all of his property,
17 including or not real property located in Marin County or
18 anywhere, cash, and personal property to Michael Walton, TGAC and
19 Does 1 - 100, receiving no consideration in return. TGAC denies
20 that GA fraudulently conveyed anything to anyone at any time.
21 TGAC denies that GA has ever conveyed anything without receiving
22 any consideration in return. TGAC denies that GA deliberately or
23 undeliberately set out to breach the agreement. TGAC denies that
24 GA has incurred a debt totalling \$1,800,000. TGAC denies that GA
25 has no assets to use to satisfy such a debt if GA ever did incur
26 it.

27 3. TGAC denies the totality of this paragraph. There are
28 no breaches by GA and no resulting indebtedness. TGAC denies that

1 CSI v. Armstrong, LASC No. BC 052395 is the first action. The
2 first action, known as Armstrong I, is CSC v. Armstrong, LASC No.
3 C 420153. TGAC denies that CSI v. Armstrong, LASC No. BC 084642
4 is the second action. The second action, known as Armstrong II,
5 is CSI v. Armstrong, LASC No. BC 052395. LASC No. BC 084642 is
6 known as Armstrong III. The instant action, Marin SC No. 157680
7 is known as Armstrong IV. The substance of the Los Angeles
8 actions is the history of Scientology's fair game war on GA, its
9 violations of the agreement and the mores and ethics of decent
10 people, its abuse of process, malicious prosecution and
11 obstruction of justice.

12 4. TGAC denies the totality of this paragraph. CSI is a
13 component of the Scientology Organization which is totally
14 controlled and directed by its ruler, David Miscavige. TGAC
15 denies that CSI is a church and Scientology is religion.

16 5. TGAC admits the averments of this paragraph.

17 6. TGAC admits the averments of this paragraph.

18 7. TGAC lacks knowledge or information sufficient to form a
19 belief as to the truth of the averments in this paragraph. TGAC
20 has never used the name "Gerald Armstrong Corporation" nor the
21 initials "GAC."

22 8. TGAC denies that there are any DOES because there is no
23 truth to CSI's complaint.

24 9. TGAC lacks knowledge or information sufficient to form a
25 belief as to the truth of the averments in this paragraph. TGAC
26 has never used the name "Gerald Armstrong Corporation" nor the
27 initials "GAC."

28 10. TGAC lacks knowledge or information sufficient to form a

1 belief as to the truth of the averments in this paragraph. TGAC
2 has never used the name "Gerald Armstrong Corporation" nor the
3 initials "GAC."

4 11. TGAC lacks knowledge or information sufficient to form a
5 belief as to the truth of the averments in this paragraph. TGAC
6 has never used the name "Gerald Armstrong Corporation" nor the
7 initials "GAC."

8 12. TGAC lacks knowledge or information sufficient to form a
9 belief as to the truth of the averments in this paragraph. TGAC
10 has never used the name "Gerald Armstrong Corporation" nor the
11 initials "GAC."

12 13. TGAC lacks knowledge or information sufficient to form a
13 belief as to the truth of the averments in this paragraph which
14 concern events which took place before 1987 and is therefore
15 unable to admit or deny the same.

16 14. TGAC lacks knowledge or information sufficient to form a
17 belief as to the truth of the averments in this paragraph which
18 concern events which took place before 1987 and is therefore
19 unable to admit or deny the same.

20 15. TGAC lacks knowledge or information sufficient to form a
21 belief as to the truth of the averments in this paragraph which
22 concern events which took place before 1987 and is therefore
23 unable to admit or deny the same. TGAC denies CSI's description
24 of GA.

25 16. TGAC lacks knowledge or information sufficient to form a
26 belief as to the truth of the averments in this paragraph which
27 concern events which took place before 1987 and is therefore
28 unable to admit or deny the same.

1 17. TGAC lacks knowledge or information sufficient to form a
2 belief as to the truth of the averments in this paragraph which
3 concern events which took place before 1987 and is therefore
4 unable to admit or deny the same.

5 18. TGAC lacks knowledge or information sufficient to form a
6 belief as to the truth of the averments in this paragraph which
7 concern events which took place before 1987 and is therefore
8 unable to admit or deny the same.

9 19. TGAC lacks knowledge or information sufficient to form a
10 belief as to the truth of the averments in this paragraph which
11 concern events which took place before 1987 and is therefore
12 unable to admit or deny the same.

13 20. TGAC lacks knowledge or information sufficient to form a
14 belief as to the truth of the averments in this paragraph which
15 concern events which took place before 1987 and is therefore
16 unable to admit or deny the same.

17 21. TGAC lacks knowledge or information sufficient to form a
18 belief as to the truth of the averments in this paragraph which
19 concern events which took place before 1987 and is therefore
20 unable to admit or deny the same. TGAC denies that CSI performed
21 all of its obligations pursuant to the agreement.

22 22. TGAC denies each and every averment of this paragraph.

23 23. TGAC denies each and every averment of this paragraph.

24 24. TGAC denies each and every averment of this paragraph.

25 25. TGAC denies each and every averment of this paragraph.

26 26. TGAC admits that CSI realleges its paragraphs 1 - 25,
27 and TGAC readmits and redenes the averments of these paragraphs
28 as set forth in TGAC's answers 1 - 25, inclusive, above.

1 27. TGAC lacks knowledge or information sufficient to form a
2 belief as to the truth of the averments in this paragraph.

3 28. TGAC lacks knowledge or information sufficient to form a
4 belief as to the truth of the averments in this paragraph.

5 29. TGAC denies the totality of this paragraph.

6 30. TGAC denies the totality of this paragraph.

7 31. TGAC denies the totality of this paragraph.

8 32. TGAC denies the totality of this paragraph.

9 33. TGAC admits that CSI realleges its paragraphs 1 - 25,
10 and TGAC readmits and redenes the averments of each of these
11 paragraphs as set forth in TGAC's answers 1 - 25, inclusive,
12 above.

13 34. TGAC admits the averments of this paragraph.

14 35. TGAC admits the averments of this paragraph.

15 36. TGAC denies the totality of this paragraph.

16 37. TGAC denies the totality of this paragraph.

17 38. TGAC denies the totality of this paragraph.

18 39. TGAC denies the totality of this paragraph, except that
19 Michael Walton had advised GA that CSI was liable to him for
20 liquidated damages for its breaches of the settlement agreement.

21 40. TGAC admits that CSI realleges its paragraphs 1 - 32 and
22 34 - 39, and TGAC readmits and redenes the averments of each of
23 these paragraphs as set forth in TGAC's answers 1 - 32 and 34 -
24 39, inclusive, above.

25 41. TGAC denies the totality of this paragraph.

26 42. TGAC denies the totality of this paragraph.

27 43. TGAC denies the totality of this paragraph.

28 44. TGAC denies the totality of this paragraph.

1 45. TGAC denies the totality of this paragraph.

2 AFFIRMATIVE DEFENSES

3 Allegation Common To All Affirmative Defenses

4 46. Plaintiff is a single component of the Scientology
5 organization, that, along with all of the Scientology-related
6 beneficiaries of the 1986 settlement involving defendant Gerald
7 Armstrong are subject to a unity of control exercised by David
8 Miscavige. Plaintiff and all other Scientology-related
9 organizations, entities and individuals were created by David
10 Miscavige and his attorneys as an attempt to avoid payment of
11 civil judgments and to confuse courts and those seeking redress
12 for the civil and criminal misconduct of Miscavige and all other
13 Scientology-related organizations, entities and individuals. Due
14 to the unity of personnel, commingling of assets, and commonality
15 of business objectives, any effort by plaintiff to represent
16 itself as being independent and separate should be disregarded.

17 FIRST AFFIRMATIVE DEFENSE

18 (First Amendment - Religion)

19 47. Further answering said complaint, and as a separate and
20 affirmative defense thereto, TGAC alleges as follows:

21 Plaintiff is barred from bringing this action against TGAC on
22 the grounds that the complaint and the "agreement" on which it is
23 based seek to attack, limit and deny TGAC's right to freedom of
24 religion guaranteed by the state and federal constitutions.

25 SECOND AFFIRMATIVE DEFENSE

26 (First Amendment - Speech)

27 48. Further answering said complaint, and as a separate and
28 affirmative defense thereto, TGAC alleges as follows:

1 Plaintiff is barred from bringing this action against TGAC on
2 the grounds that the complaint and the "agreement" on which it is
3 based seek to attack, limit and deny TGAC right to freedom of
4 speech guaranteed by the state and federal constitutions.

5 THIRD AFFIRMATIVE DEFENSE

6 (First Amendment - Association)

7 49. Further answering said complaint, and as a separate and
8 affirmative defense thereto, this answering defendant alleges as
9 follows:

10 Plaintiff is barred from bringing this action against TGAC on
11 the grounds that the complaint and the "agreement" on which it is
12 based seek to attack, limit and deny TGAC's right to freedom of
13 association guaranteed by the state and federal constitutions.

14 FOURTH AFFIRMATIVE DEFENSE

15 (First Amendment - Press)

16 50. Further answering said complaint, and as a separate and
17 affirmative defense thereto, TGAC alleges as follows:

18 Plaintiff is barred from bringing this action against TGAC on
19 the grounds that the complaint and the "agreement" on which it is
20 based seek to attack, limit and deny TGAC's right to freedom of
21 press guaranteed by the state and federal constitutions.

22 FIFTH AFFIRMATIVE DEFENSE

23 (Privacy)

24 51. Further answering said complaint, and as a separate and
25 affirmative defense thereto, TGAC alleges as follows:

26 Plaintiff is barred from bringing this action against TGAC on
27 the grounds that the complaint and the "agreement" on which it is
28 based seek to attack, limit and deny TGAC's right of privacy

1 guaranteed by the state and federal constitutions.

2 SIXTH AFFIRMATIVE DEFENSE

3 (Unclean Hands)

4 52. Further answering said complaint, and as a separate and
5 affirmative defense thereto, TGAC repeats, realleges and
6 incorporates by reference herein each and every allegation
7 contained in paragraphs 1 through 45 herein and alleges as
8 follows:

9 Plaintiff is barred from bringing this action against TGAC
10 and/or obtaining the relief requested in this complaint under the
11 doctrine of unclean hands.

12 SEVENTH AFFIRMATIVE DEFENSE

13 (Illegality)

14 53. Further answering said complaint, and as a separate and
15 affirmative defense thereto, TGAC repeats, realleges and
16 incorporates by reference herein each and every allegation
17 contained in paragraphs 1 through 45 herein and alleges as
18 follows:

19 Plaintiff is barred from bringing this action against TGAC as
20 a result of its acts of illegality in connection with matters
21 which give rise to this case, and upon the ground that the
22 agreement upon which this lawsuit is based is illegal, void and
23 unenforceable.

24 EIGHTH AFFIRMATIVE DEFENSE

25 (Estoppel)

26 54. Further answering said complaint, and as a separate and
27 affirmative defense thereto, TGAC repeats, realleges and
28 incorporates by reference herein each and every allegation

1 contained in paragraphs 1 through 45 herein and alleges as
2 follows:

3 Plaintiff is equitably estopped from asserting each and all
4 of the purported causes of action in the complaint by reason of
5 its own acts, omissions and conduct, or that of its agents.

6 NINTH AFFIRMATIVE DEFENSE

7 (Waiver)

8 55. Further answering said complaint, and as a separate and
9 affirmative defense thereto, TGAC repeats, realleges and
10 incorporates by reference herein each and every allegation
11 contained in paragraphs 1 through 45 herein and alleges as
12 follows:

13 Plaintiff is barred from bringing this action against TGAC by
14 reason of its own acts, omissions and conduct, or that of its
15 agents.

16 TENTH AFFIRMATIVE DEFENSE

17 (Fraud And Deceit)

18 56. Further answering said complaint, and as a separate and
19 affirmative defense thereto, TGAC repeats, realleges and
20 incorporates by reference herein each and every allegation
21 contained in paragraphs 1 through 45 herein and alleges as
22 follows:

23 Plaintiff is barred from bringing this action against TGAC
24 because of its fraud and deceit in its representations by which it
25 tricked defendant Gerald Armstrong into signing the subject
26 "agreement."

27 ELEVENTH AFFIRMATIVE DEFENSE

28 (Duress and Undue Influence)

1 57. Further answering said complaint, and as a separate and
2 affirmative defense thereto, TGAC repeats, realleges and
3 incorporates by reference herein each and every allegation
4 contained in paragraphs 1 through 45 herein and alleges as
5 follows:

6 Plaintiff is barred from bringing this action against TGAC
7 because it implemented fair game stratagems on defendant Gerald
8 Armstrong, his attorney Michael Flynn, and upon other anti-
9 Scientology litigants and would continue such conduct against all
10 such persons unless all such anti-Scientology litigants, including
11 Mr. Flynn, signed settlement agreement substantially similar to
12 that signed by defendant Armstrong.

13 TWELFTH AFFIRMATIVE DEFENSE

14 (Impossibility)

15 58. Further answering said complaint, and as a separate and
16 affirmative defense thereto, TGAC alleges as follows:

17 Plaintiff is barred from bringing this action against TGAC on
18 the grounds of impossibility as it relates to the subject
19 settlement contract.

20 THIRTEENTH AFFIRMATIVE DEFENSE

21 (Frustration of Contractual Purpose)

22 59. Further answering said complaint, and as a separate and
23 affirmative defense thereto, TGAC alleges as follows:

24 Plaintiff is barred from bringing this action against this
25 defendant on the grounds of frustrating defendant Gerald
26 Armstrong's ability to perform the terms of the settlement
27 agreement.

28 FOURTEENTH AFFIRMATIVE DEFENSE

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(Unfair and Unreasonable Contract)

60. Further answering said complaint, and as a separate and affirmative defense thereto, TGAC alleges as follows:

Plaintiff is barred from bringing this action against TGAC on the grounds that the settlement contract is unreasonable and unfair.

FIFTEENTH AFFIRMATIVE DEFENSE

(Lack of Mutuality)

61. Further answering said complaint, and as a separate and affirmative defense thereto, TGAC alleges as follows:

Plaintiff is barred from bringing this action against TGAC on the grounds that the settlement contract, as interpreted by plaintiff, lacks in reciprocity and mutuality.

SIXTEENTH AFFIRMATIVE DEFENSE

(Ambiguity)

62. Further answering said complaint, and as a separate and affirmative defense thereto, TGAC alleges as follows:

Plaintiff is barred from bringing this action against TGAC on the grounds that the settlement contract is ambiguous and incapable of enforcement.

SEVENTEENTH AFFIRMATIVE DEFENSE

(Lack of Adequate Consideration)

63. Further answering said complaint, and as a separate and affirmative defense thereto, TGAC alleges as follows:

Plaintiff is barred from bringing this action against TGAC on the grounds that the settlement contract is not supported by adequate consideration.

EIGHTEENTH AFFIRMATIVE DEFENSE

1 (Unconscionability)

2 64. Further answering said complaint, and as a separate and
3 affirmative defense thereto, TGAC alleges as follows:

4 Plaintiff is barred from bringing this action against TGAC on
5 the grounds that the settlement contract and plaintiff's
6 manufacturing of the allegations in this complaint are
7 unconscionable.

8 NINETEENTH AFFIRMATIVE DEFENSE

9 (Adhesion)

10 65. Further answering said complaint, and as a separate and
11 affirmative defense thereto, TGAC alleges as follows:

12 Plaintiff is barred from bringing this action against TGAC on
13 the grounds that the settlement contract is a contract of
14 adhesion.

15 TWENTIETH AFFIRMATIVE DEFENSE

16 (Hardship)

17 66. Further answering said complaint, and as a separate and
18 affirmative defense thereto, TGAC alleges as follows:

19 Plaintiff is barred from bringing this action against TGAC on
20 the grounds that the settlement contract works an unfair hardship
21 on defendant Gerald Armstrong.

22 TWENTY-FIRST AFFIRMATIVE DEFENSE

23 (Offset)

24 67. Further answering said complaint, and as a separate and
25 affirmative defense thereto, TGAC alleges as follows:

26 Any damages that plaintiff has suffered in consequence of the
27 alleged conduct of TGAC is exceeded by the damages suffered by
28 TGAC in consequence of the misconduct of plaintiff, and its

1 agents' acts of fair game, and therefore plaintiff should take
2 nothing.

3 TWENTY-SECOND AFFIRMATIVE DEFENSE

4 (Liquidated Damages Act As Penalty)

5 68. Further answering said complaint, and as a separate and
6 affirmative defense thereto, TGAC alleges as follows:

7 Plaintiff is barred from bringing this action against TGAC on
8 the grounds that the settlement agreement's provision of
9 liquidated damages is not an approximation of damage, but is
10 intended to act and does act as a penalty.

11 TWENTY-THIRD AFFIRMATIVE DEFENSE

12 (Implied Covenant of Good Faith and Fair Dealing)

13 69. Further answering said complaint, and as a separate and
14 affirmative defense thereto, TGAC alleges as follows:

15 Plaintiff is barred from bringing this action against TGAC on
16 the grounds that the conduct of plaintiff and its agents violates
17 the implied covenant of good faith and fair dealing.

18 TWENTY-FOURTH AFFIRMATIVE DEFENSE

19 (Justification - Defense of Another, Interests
20 of Third Persons, and the Public)

21 70. Further answering said complaint, and as a separate and
22 affirmative defense thereto, TGAC repeats, realleges and
23 incorporates by reference herein each and every allegation
24 contained in paragraphs 1 through 45 herein and alleges as
25 follows:

26 At all times relevant, the acts of TGAC were privileged and
27 justified because they were done in defense of others, the
28 interests of third parties, the interests of justice, and the

1 interests of the public.

2 TWENTY-FIFTH AFFIRMATIVE DEFENSE

3 (Failure to Mitigate Damages)

4 71. Further answering said complaint, and as a separate and
5 affirmative defense thereto, TGAC alleges as follows:

6 Plaintiff, and/or its agents, and/or its counsel failed to
7 take proper and reasonable steps to avoid or mitigate the damages
8 alleged in the complaint, and to the extent of such failure to
9 mitigate or to avoid damages allegedly incurred by plaintiff, if
10 any, should be reduced accordingly.

11 TWENTY-SIXTH AFFIRMATIVE DEFENSE

12 (Action Barred By Equity and Civil Code Provisions)

13 72. Further answering said complaint, and as a separate and
14 affirmative defense thereto, TGAC repeats, realleges and
15 incorporates by reference herein each and every allegation
16 contained in paragraphs 1 through 45 herein and alleges as
17 follows:

18 Plaintiff is barred from judicial relief by the general
19 principles of equity and the specific provisions of Part IV of the
20 Civil Code, including but not limited to sections 3512, 3517,
21 3519, 3524 and 3533 (without any admission of wrongdoing by TGAC).

22 TWENTY-SEVENTH AFFIRMATIVE DEFENSE

23 (Void As Against Public Policy)

24 73. Further answering said complaint, and as a separate and
25 affirmative defense thereto, TGAC repeats, realleges and
26 incorporates by reference herein each and every allegation
27 contained in paragraphs 1 through 45 herein and alleges as
28 follows:

1 Plaintiff is barred from judicial relief because the
2 settlement contract is against public policy.

3 TWENTY-EIGHTH AFFIRMATIVE DEFENSE

4 (The Settlement Agreement Cannot Be Specifically Enforced)

5 74. Further answering said complaint, and as a separate and
6 affirmative defense thereto, TGAC alleges as follows:

7 Plaintiff is barred from judicial relief because the
8 settlement agreement cannot be specifically enforced.

9 TWENTY-NINTH AFFIRMATIVE DEFENSE

10 (The Settlement Agreement Cannot Be Specifically Performed)

11 75. Further answering said complaint, and as a separate and
12 affirmative defense thereto, TGAC alleges as follows:

13 Plaintiff is barred from judicial relief because the
14 settlement agreement cannot be specifically performed.

15 THIRTIETH AFFIRMATIVE DEFENSE

16 (Due Process)

17 76. Further answering said complaint, and as a separate and
18 affirmative defense thereto, TGAC alleges as follows:

19 Plaintiff is barred from judicial relief because the
20 settlement agreement deprives TGAC, defendant Gerald Armstrong,
21 other third parties and the public of due process of law as
22 protected by the state constitution and by the Fifth and
23 Fourteenth Amendments to the federal constitution.

24 THIRTY-FIRST AFFIRMATIVE DEFENSE

25 (Equal Protection)

26 77. Further answering said complaint, and as a separate and
27 affirmative defense thereto, TGAC alleges as follows:

28 Plaintiff is barred from judicial relief because the

1 settlement agreement deprives TGAC, defendant Gerald Armstrong,
2 other third parties and the public of equal protection of law as
3 guaranteed by the state constitution and the federal constitution.

4 THIRTY-SECOND AFFIRMATIVE DEFENSE

5 (Right To Counsel)

6 78. Further answering said complaint, and as a separate and
7 affirmative defense thereto, TGAC alleges as follows:

8 Plaintiff is barred from judicial relief because the
9 settlement agreement deprives TGAC, defendant Gerald Armstrong,
10 other third parties and members of the public to their right to
11 counsel as protected by the state constitution and by the Sixth
12 Amendment to the federal constitution.

13 THIRTY-THIRD AFFIRMATIVE DEFENSE

14 (Public Domain)

15 79. Further answering said complaint, and as a separate and
16 affirmative defense thereto, TGAC alleges as follows:

17 Plaintiff is barred from judicial relief because the
18 information that defendant Armstrong is accused of disclosing is
19 in the public domain.

20 THIRTY-FOURTH AFFIRMATIVE DEFENSE

21 (Mistake of Law)

22 80. Further answering said complaint, and as a separate and
23 affirmative defense thereto, TGAC repeats, realleges and
24 incorporates by reference herein each and every allegation
25 contained in paragraphs 1 through 45 herein and alleges as
26 follows:

27 Plaintiff is barred from bringing this action against TGAC
28 because defendant Gerald Armstrong's former attorney Michael Flynn

1 advised him that the provisions of the settlement contract which
2 plaintiff alleges defendant Gerald Armstrong has violated, and
3 which underlie this complaint, are unenforceable. Gerald Armstrong
4 relied on such representations, but for which he would not have
5 signed said settlement contract.

6 THIRTY-FIFTH AFFIRMATIVE DEFENSE

7 (Mistake of Law)

8 81. Further answering said complaint, and as a separate and
9 affirmative defense thereto, TGAC repeats, realleges and
10 incorporates by reference herein each and every allegation
11 contained in paragraphs 1 through 45 herein and alleges as
12 follows:

13 Plaintiff is barred from bringing this action against TGAC
14 because defendant Gerald Armstrong's former attorney Michael Flynn
15 advised him that the provisions of the settlement agreement which
16 plaintiff alleges defendant Gerald Armstrong has violated, and
17 which underlie this complaint, are unenforceable. Gerald Armstrong
18 relied on such representations, but for which he would not have
19 signed said settlement agreement.

20 THIRTY-SIXTH AFFIRMATIVE DEFENSE

21 (Conflict of Interest)

22 82. Further answering said complaint, and as a separate and
23 affirmative defense thereto, TGAC repeats, realleges and
24 incorporates by reference herein each and every allegation
25 contained in paragraphs 1 through 45 herein and alleges as
26 follows:

27 Plaintiff is barred from bringing this action against TGAC
28 because defendant Gerald Armstrong's former attorney Michael

1 Flynn, in conjunction with settling Gerald Armstrong's case
2 against Scientology-related entities, also settled 30 other cases,
3 including cases of his own against Scientology-related entities
4 without procuring outside counsel for defendant Gerald Armstrong.

5 THIRTY-SEVENTH AFFIRMATIVE DEFENSE

6 (Privilege)

7 83. Further answering said complaint, and as a separate and
8 affirmative defense thereto, TGAC alleges as follows:

9 Plaintiff is barred from judicial relief because the acts
10 that TGAC is accused of having committed are privileged.

11 THIRTY-EIGHTH AFFIRMATIVE DEFENSE

12 (No Intent To Defraud)

13 84. Further answering said complaint, and as a separate and
14 affirmative defense thereto, TGAC alleges as follows:

15 TGAC never intended to hinder, delay or defraud any creditor,
16 including CSI.

17 THIRTY-NINTH AFFIRMATIVE DEFENSE

18 (No Undercapitalized Transaction)

19 85. Further answering said complaint, and as a separate and
20 affirmative defense thereto, TGAC alleges as follows:

21 TGAC never engaged in a business or transaction after the
22 transfer at issue herein with assets that were unreasonably small.

23 FORTIETH AFFIRMATIVE DEFENSE

24 (No Intent To Incur Debts Beyond Ability To Pay)

25 86. Further answering said complaint, and as a separate and
26 affirmative defense thereto, TGAC alleges as follows:

27 TGAC never intended to incur, or reasonably should have
28 believed that it would incur debts beyond its ability to pay as

1 they became due.

2 FORTY-FIRST AFFIRMATIVE DEFENSE

3 (Lack Of Insolvency)

4 87. Further answering said complaint, and as a separate and
5 affirmative defense thereto, TGAC alleges as follows:

6 TGAC was not insolvent before or immediately after the
7 transfer at issue herein.

8 FORTY-FIRST AFFIRMATIVE DEFENSE

9 (Insufficient Facts)

10 88. Further answering said complaint, and as a separate and
11 affirmative defense thereto, TGAC alleges as follows:

12 The complaint and each and every cause of action contained
13 therein fails to state facts sufficient to constitute a cause of
14 action.

15 FORTY-SECOND AFFIRMATIVE DEFENSE

16 (Plaintiff's Fault)

17 89. Further answering said complaint, and as a separate and
18 affirmative defense thereto, TGAC alleges as follows:

19 If any cause of action and/or allegation in the complaint is
20 found to be true and the plaintiff was injured and/or damaged in
21 any manner, this answering defendant alleges that said injuries
22 and/or damages, if any, were and are the proximate and direct
23 result of the recklessness, carelessness, bad faith, negligence,
24 and/or fault of the plaintiff and/or persons other than this
25 answering defendant. In the event that this answering defendant
26 is found to be liable to the plaintiff in some manner, this
27 answering defendant requests that his liability be reduced because
28 of the fault of such other persons, whose conduct contributed to

1 whatever injuries and/or damages plaintiff sustained and requests
2 that any judgment rendered herein in favor of plaintiff and
3 against this answering defendant be in an amount proportionate to
4 this answering defendant's degree of fault.

5 DEMAND FOR A JURY TRIAL

6 This defendant hereby demands this case be tried by a jury.

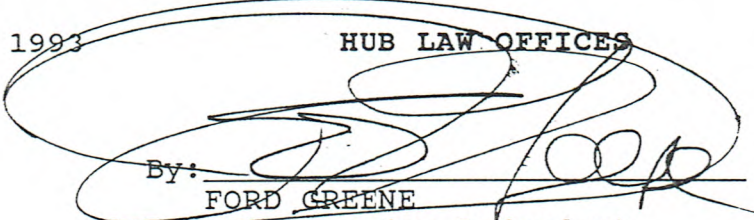
7 **WHEREFORE**, Defendant The Gerald Armstrong Corporation prays
8 for relief as follows:

- 9 1. That plaintiff take nothing by its complaint;
- 10 2. That TGAC recover its costs of suit herein;
- 11 3. That TGAC recover its attorney's fees and costs of
12 defending the suit herein;
- 13 4. That the Court award such further relief as it may deem
14 proper.

15 DATED: November 29, 1993

HUB LAW OFFICES

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By: 
FORD GREENE
Attorney for Defendant
THE GERALD ARMSTRONG
CORPORATION

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PROOF OF SERVICE

I am employed in the County of Marin, State of California. I am over the age of eighteen years and am not a party to the above entitled action. My business address is 711 Sir Francis Drake Boulevard, San Anselmo, California. I served the following documents:

on the following person(s) on the date set forth below, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California:

Andrew Wilson, Esquire
WILSON, RYAN & CAMPILONGO
235 Montgomery Street, Suite 450
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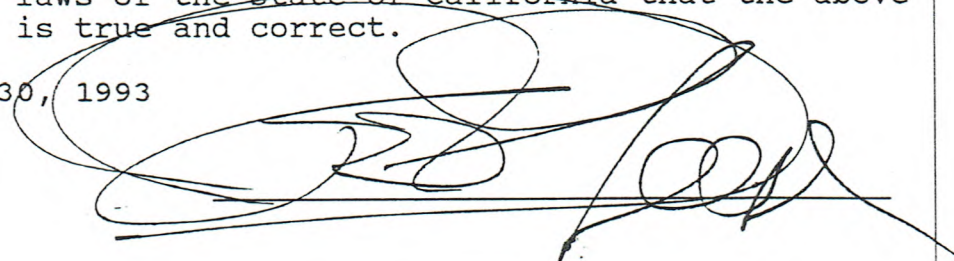
MICHAEL WALTON
707 Fawn Drive
San Anselmo, CA 94960

(By Mail) I caused such envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California.

(Personal) I caused said papers to be personally service on the office of opposing counsel.

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

DATED: November 30, 1993



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VERIFICATION

I, the undersigned, am an officer of The Gerald Armstrong Corporation, defendant in the above entitled action. I know the contents of the foregoing Answer and I certify that the same is true of my own knowledge, except as to the matters which are therein stated upon my information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct according to the laws of the United States of America and that this declaration was executed on this 30th day of November, 1993, at San Anselmo, California.

By:  _____